

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

2006 JUL 28 PM 12 45

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

JAMES BRUCE
 P.O. BOX 1056
 SANTA FE, NM 87504
Print or Type Name

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce

Signature

Attorney for Applicant

Title

jamesbruc@aol.com

e-mail Address

7/28/06

Date

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

July 28, 2006

Hand delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

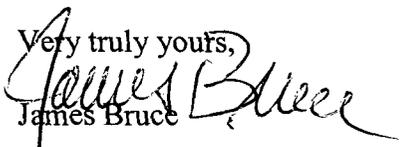
Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Cimarex Energy Co. of Colorado (formerly Gruy Petroleum Management Co.) applies for approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Grynberg 11 Fed. Com. Well No. 3
<u>Location:</u>	1500 feet FSL & 1300 feet FWL
<u>Well Unit:</u>	NW¼SW¼ §11-25S-26E, Eddy County, New Mexico

The well was drilled to a depth sufficient to test the Morrow formation (White City-Pennsylvanian Gas Pool), and was completed in that zone. The pool is spaced on 640 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line. There were good shows in the Delaware (Undesignated South Black River-Delaware Pool), which is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line. Applicant intends to complete the well in the Delaware formation. An APD (federal form) and Form C-102 are attached as Exhibit A.

Working interest ownership is uniform in Section 11 under an operating agreement. The N½ and SW¼ of Section 11 are subject to Federal Lease NM 14468, which has common ownership as to royalty and overriding royalty interests. Therefore, there are no adversely affected parties, and no offset interest owners have been notified of the application.

Very truly yours,

James Bruce
Attorney for Cimarex Energy Company

SUBMIT IN TRIPLICATE*

FORM APPROVED

OMB NO. 1004-0136

Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

5. LEASE DESIGNATION AND SERIAL NO.
NM-14468

6. IF INDIAN, ALLOTES OR TRIBE NAME

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Grynberg 11 Federal Com No. 3

9. API WELL NO.
30-015-34193

10. FIELD AND POOL, OR WILDCAT
Blackriver; Delaware, South

11. SEC. T., R., M., BLOCK AND SURVEY
OR AREA
Sec. 11 T25S R26E

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL Plugback X DEEPEN
1b. TYPE OF WELL
OIL GAS SINGLE MULTIPLE
WELL WELL OTHER ZONE ZONE

2. NAME OF OPERATOR
Cimarex Energy Co. of Colorado

3. ADDRESS AND TELEPHONE NO.
P.O. Box 140907 Irving TX 75014 972-401-3111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
1500' FSL & 1300' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
17 miles South of Carlsbad

12. COUNTY OR PARISH
Eddy

13. STATE
NM

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O (Also to nearest drlg. unit line, if any) 1300'

18. NO. OF ACRES IN LEASE
680

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
N/A

19. PROPOSED DEPTH
PBDT 11444'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3328' GR

22. APPROX. DATE WORK WILL START*
08-01-06

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13-3/8"	48#	207'	235 sx circ 54 sx
12-1/4"	J-55 9-5/8"	40#	2854'	925 sx circ 225 sx
8-3/4"	P-110 5-1/2"	17#	12275'	2140 sx TOC 0'

The Grynberg 11 Federal Com # 3 was drilled to TD of 12275' and completed as a White City Penn producer. Cimarex will re-enter under sundry and add and stimulate Morrow perms at 11529' - 11536'. If unsuccessful Cimarex will plug back as shown below. Set CIBP at 11479' with 35' cement on top. Perf Delaware from 4812' - 4826' using 6 SPF. Acidize w 2000 gals of 7 1/2% HCL Frac with 30000 # of 12/20 sand and N2 foam. Minimum 3000 psi BOP system will be used during plugback operations.

If Delaware zone is productive, Cimarex Energy Co. of Colorado will change the name of the well to Grynberg 11 Federal No. 5.
IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24 SIGNED Zeno Faus TITLE Mgr. Ops. Admin DATE 07-20-06

(This space for Federal or State office use)
PERMIT No. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:
APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT A

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-34193	Pool Code	Pool Name Blackriver; Delaware, South
Property Code	Property Name GRYNBERG 11 FEDERAL	Well Number 3
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado	Elevation 3328'

Surface Location

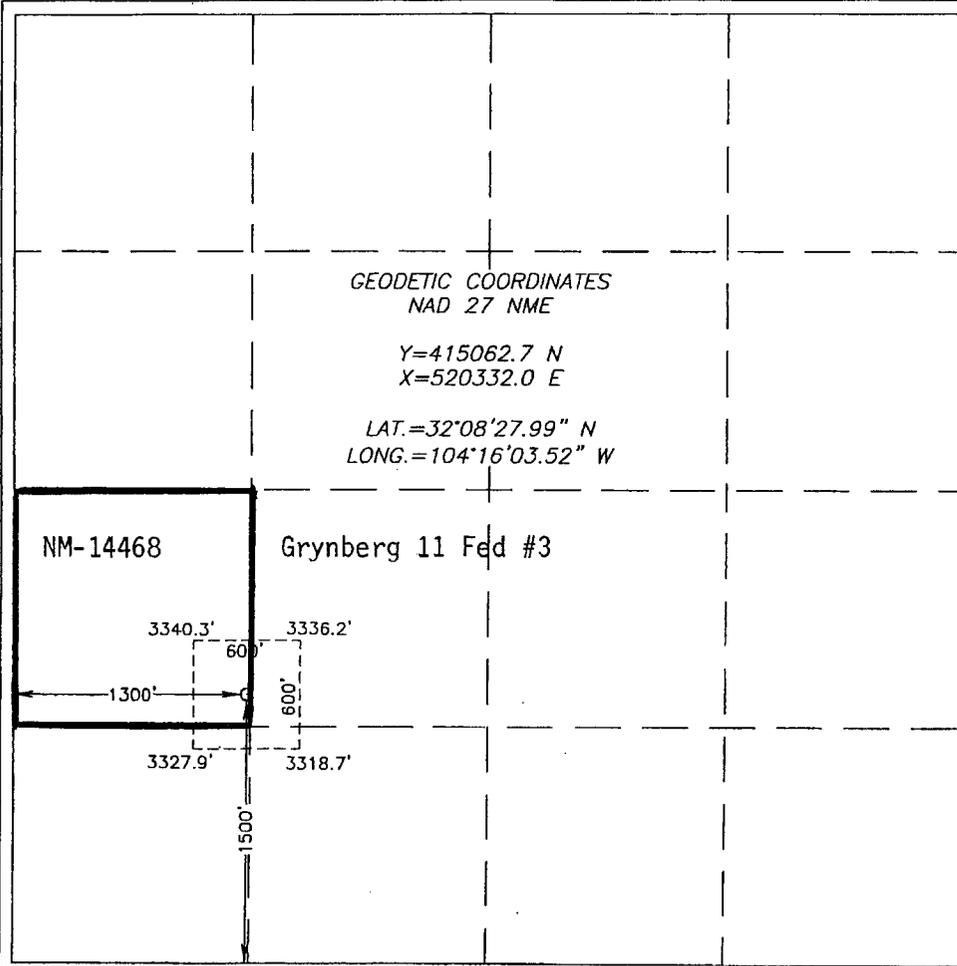
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	11	25-S	26-E		1500	SOUTH	1300	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No. NSL Pending
-----------------------	----------------------	--------------------	--------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Zeno Farris
Signature
Zeno Farris
Printed Name
Mgr Operations Admin
Title
July 20, 2006
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 17, 2005

Date Surveyed
Signature & Seal of Professional Surveyor
Professional Surveyor
NEW MEXICO
GARY EIDSON 5/20/05
05.11.0735
Certificate No. GARY EIDSON 12641